



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Washington, D.C. 20224

SMALL BUSINESS/SELF-EMPLOYED DIVISION

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MEMORANDUM FOR EXAMINATION EXECUTIVES

FROM: *for* K. Steven Burgess /s/ *Monica L Baker*
Director, Examination

SUBJECT: Implementation and Use of New Examination Technique Code 4
for Office Examination Cases

The purpose of this memorandum is to implement the use of a new Examination Technique Code. Effective immediately, Examination Technique Code 4 will be used to identify cases closed from office examination groups when an office interview is held and the case is closed at the end of the initial appointment.

One of the benefits of the process changes resulting from Office Examination Reengineering was an increase in initial appointment closures. Initial appointment closures have shown a positive impact on reducing cycle time and time on cases. The implementation of Technique Code 4 will add an important facet to our statistical monitoring of office examination results.

Cases are considered initial appointment closures if all issues are resolved during the initial appointment and a final determination is reached the same day. Although examiners are encouraged to close cases during the initial appointment, not all cases can be properly resolved during the initial appointment. There will be instances where substantial records are needed or where a second appointment is necessary to fully develop facts and examination issues. Examiners should continue to request additional records or schedule subsequent appointments in order to properly develop issues of substance.

All other examined case closures from Office Examination groups will continue to receive their normal Audit Technique Code. The other audit technique codes are:

- Audit Technique Code 1 – identifies Office Examination cases closed where an office interview was held but the case was not closed at the end of the initial interview.

- Audit Technique Code 2 – identifies Office Examination cases closed via correspondence.
- Audit Technique Code 3 – identifies all field examination cases.
- Audit Technique Code 6 – identifies Office Examination cases closed as a no show/no response.
- Audit Technique Code 7 – identifies Office Examination cases closed due to undeliverable mail.

The appropriate Examination Technique Code is entered in Item 30 on Form 5344, Examination Closing Record. Internal Revenue Manuals (IRMs) 1.4.40 and 4.4.1 will be updated to include instructions for this new code no later than December 31, 2007.

If additional information is needed on the uses of Examination Technique Code 4, you can contact Sherri Brown, Director, Examination Policy or a member of your staff may contact Mindy Pezik, Examination Policy Analyst.